

Agricultural income

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SECTORAL INCOME INDEX 1986

Agricultural income 1986: Slight improvement for the Community but there are countries where the situation has deteriorated

A slight improvement in **agricultural income** in the Community is emerging for 1986. The net value added at factor cost in agriculture **per labour input unit**, is estimated to rise in the European Community (without Portugal) by 1.6 % in real terms (cf. Table 1). ¹⁾ This follows the 5 % drop in real terms in 1985.

An initial analysis ²⁾ of the reasons for this improvement in agricultural income in real terms reveals a slight increase in the **volume of both crop and animal products** (of approximately 1 to 2 %). This is mainly accounted for by markedly higher wine production and slightly higher production of fruit, sugar beet, vegetables and animal products in comparison with 1985. Cereals, potatoes and in particular olive oil production however, is estimated to be lower than in 1985.

1) The estimated rise in 1986 would have been around 3.8 % (instead of 1.6 %) if the consumer price index (+ 3.6 %) had been used as a deflator instead of the implicit price index of gross domestic product at market prices (+ 5.9 %). The slump in the prices of imported energy is directly reflected in the slow rise of consumer prices, but not in the rise of GDP prices which are the appropriate indicator for the development of domestic costs.

2) This did not include the United Kingdom as no detailed information was available.

According to the information available, **producer prices** are rising slightly, with a decrease for animal products (of approximately 2 %) being more than offset by an increase for crop products (of approximately 4 %), in particular for potatoes and fruit.

These changes in production volume and producer prices give an increase in the **value of final production** of slightly over 2 %.

EUROSTAT estimates that for the first time the value of **intermediate consumption** will fall by about 2 % in 1986. This is due to slightly higher quantities (approximately 1 %) and to a decline in prices (by about 2 to 3 %), in particular for energy (- 23 %) and for feedingstuffs and fertilizers (ca. - 3.5 %).

The rise of the value of final production and the fall in the value of intermediate consumption account for an increase in gross value added at market prices of over 5 %. To calculate **net value added at factor cost** - the basic income indicator - the subsidies must be added to gross value added at market prices and taxes linked to production and depreciation subtracted. The resulting increase in the net value added at factor cost is 3.7 %, as listed in Table 1.

Finally, there are two other factors influencing real agricultural income per unit of labour force input: the change in the agricultural labour force and the inflation rate. The figures suggest that the **labour force input** dropped by 3.6 % in 1986. The final figure might however be lower. The rate of change for the implicit price index of gross domestic product at market prices used as a **deflator** was little changed from the previous year (1985: 5.4 %, 1986: 5.9 %).

The rise of 1.6 % in real agricultural income per labour input unit for the Community represents the weighted average of the changes in the **Member States**. Adverse climatic conditions in certain regions have affected the income in some Member States (in particular the drought in France and Spain, the torrential rain in Ireland and the inclement weather in Northern Italy, etc.). The greatest increases are in the Federal Republic of Germany (+ 9.3 %), Spain (+ 7.6 %) and the United Kingdom (+ 4.1 %). Figures for the Netherlands

(+ 1.7 %) and France (+ 0.8 %) are close to the Community average. Then there are the countries where income has declined: Italy (- 1.3 %), Greece (- 2.9 %), Luxembourg (- 4.0 %), Denmark (- 5.0 %), Belgium (- 6.0 %) and Ireland (- 9.5 %).

In a medium term comparison real agricultural income in 1986 in the Community is 6.5 % up on the "1980" figure (cf. Table 2). Here too there are considerable differences between Member States. Above-average increases between "1980" and 1986 were recorded in particular for Denmark and Spain (over 30 % each), and in Greece, Luxembourg and the Netherlands (by between 10 % and 20 %). The medium term development in France, Ireland, F R of Germany and Belgium is fairly close to the Community average, whilst income trends in the United Kingdom have not shown any sustained growth since "1980". In Italy there has even been a decline of 7.2 %.

As a complement to the estimated development in net value added at factor cost (indicator 1) in 1986 set out above, the development of income indicators 2 and 3 for the Community (excluding GR and P) can be considered. Indicator 2, which relates to the income available for distribution to persons employed in agriculture (net value added at factor cost with deduction of rent and interest payments per unit of labour input) is likely to rise by 2.9 % in real terms (1985: - 8.8 %). Indicator 3, comprising the income available for distribution to non-hired agricultural workers, i.e. the holders and members of their families working on the holding (net value added at factor cost after deduction of rent, interest payments and wages, expressed per unit of labour input of non-hired workers), will probably increase in real terms by 5.0 % (1985: - 13.9 %).

These are provisional estimates. In February 1987 EUROSTAT will publish revised estimates and a detailed analysis of the development of agricultural income for the Community and for Member States.

Methodological notes:

The results published here are estimates by relevant national organizations in the Member States for the current year. The income indicator "net value added at factor cost" only covers the production sector agriculture and thus does not represent total income of persons employed in agriculture, which can be derived from other sources. The labour force input and any changes therein are expressed in annual work units (AWU). One AWU corresponds to one person occupied full-time in agriculture for one year.

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Table 1

Net value added at factor cost, real and per Annual Work Unit (AMU):
1986 % rates of change compared with 1985

		B	DK	D	GR	E	F	IRL	I	L	NL	UK	EUR 11
1	Nominal net value added at factor cost	-2.7	-3.3	11.9	17.0	6.3	2.1	-6.8	5.9	1.8	1.1	6.1	3.7
2	Total labour input (in AMU)	-1.0	-2.8	-1.5	-1.8	-11.7	-3.2	-2.5	-2.2	0.6	-1.0	-1.9	-3.6
3	Nominal net value added at factor cost per unit of labour input	-1.7	-0.5	13.6	19.1	20.3	5.5	-4.4	8.3	1.2	2.1	8.1	7.6
4	Implicit price index of gross domestic product at market prices	4.6	4.8	3.9	22.6	11.8	4.6	5.6	9.7	5.4	0.4	3.9	5.9
5	Real net value added at factor cost per unit of labour input	-6.0	-5.0	9.3	-2.9	7.6	0.8	-9.5	-1.3	-4.0	1.7	4.1	1.6

INDEX OF THE REAL NET VALUE ADDED AT FACTOR COST
PER ANNUAL WORK UNIT

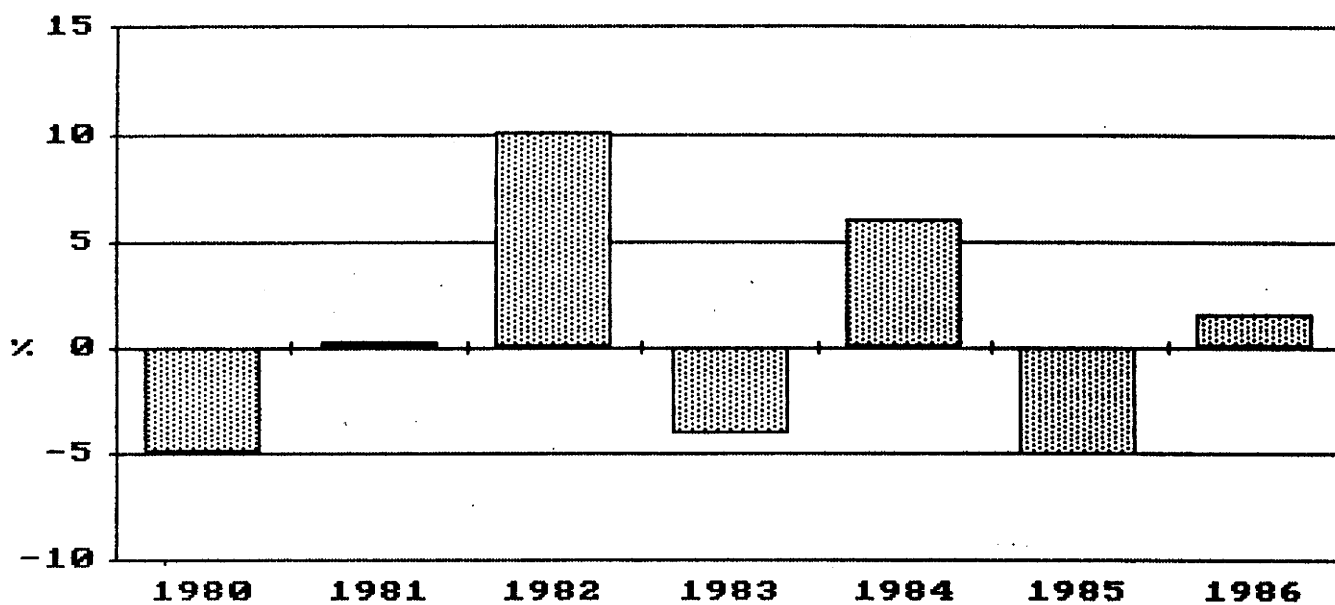
Table 2

"1980" (1) = 100

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
B	116.2	92.8	97.2	114.5	95.2	103.0	93.1	98.5	108.4	113.4	123.1	118.0	114.5	107.6
DK	111.6	103.9	84.8	87.3	99.6	107.5	91.8	98.7	109.5	129.3	111.1	148.9	139.0	132.1
D	128.8	107.9	122.0	126.8	122.7	118.1	107.1	94.0	98.9	117.9	95.6	111.8	98.0	107.2
GR	80.1	78.6	79.8	87.3	83.7	94.4	89.9	102.1	108.0	112.9	100.9	113.5	114.3	110.9
F	131.1	119.6	107.9	107.5	106.8	109.7	110.2	96.0	93.8	112.1	104.3	106.7	103.2	104.1
IRL	108.4	96.7	115.4	110.2	135.7	138.7	110.2	92.9	96.9	104.3	109.2	125.8	115.9	104.9
I	91.0	88.1	94.2	91.8	94.6	99.1	103.7	100.6	95.7	96.8	101.6	96.8	94.0	92.8
L	109.1	90.6	98.7	84.1	108.6	101.2	103.6	94.6	101.8	139.9	119.0	118.4	115.9	111.2
NL	112.0	95.0	102.4	111.6	105.5	103.4	95.6	91.8	112.6	118.6	116.7	121.3	114.8	116.7
UK	129.2	115.2	113.7	120.8	111.8	107.3	103.0	95.8	101.3	111.8	103.5	117.8	96.6	100.5
EUR 10	112.0	101.6	103.1	105.3	104.2	106.5	103.6	97.4	99.1	109.3	103.7	108.9	102.4	102.9
E	:	:	:	:	:	:	102.6	102.8	94.6	103.4	106.9	122.0	123.6	133.0
EUR 11	:	:	:	:	:	:	103.4	98.2	98.5	108.5	104.1	110.5	104.9	106.5

(1) "1980" = (1979+1980+1981)/3

Annual rates of change of real net value added at factor cost of agriculture per AWU in the Community (without Portugal), 1980 - 1986



Annual rates of change of real net value added at factor cost of agriculture per AWU by Member States for 1986

